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RUEHPU/AMEMBASSY PORT AU PRINCE PRIORITY 4160
RUEHSP/AMEMBASSY PORT OF SPAIN PRIORITY 1620
RUEAIIA/CIA WASHINGTON DC PRIORITY
RHEFDIA/DIA WASHDC PRIORITY
RUEHC/DEPT OF LABOR WASHDC PRIORITY
RUEATRS/DEPT OF TREASURY WASHDC PRIORITY
RUCPDO/USDOC WASHDC PRIORITY 1467
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SUBJECT: DOMINICAN POLITICS II #18 - FERNANDEZ'S
INDEPENDENCE DAY SPEECH TRUMPETS ACCOMPLISHMENTS

1. Following is #18 in our series on the second year of the
presidency of Leonel Fernandez.

Fernandez Independence Day Speech Trumpets Accomplishments

In a vigorously optimistic Independence Day speech before a
joint session of Congress on February 27, President Leonel
Fernandez, and by extension the ruling PLD, took credit for
what Fernandez suggested was the country's complete economic
recovery.

Fernandez opened with a dense presentation of Central Bank
statistics on GDP growth, improved exchange rates, decreased
inflation, and restructured foreign debt, presented as major
accomplishments since the start of his second administration.

He laid out evidence of a recently improved economy in
minute detail, down to numbers of vehicle imports and
registration (broken down by cars, buses, and motorcycles),
imports of electric appliances, and even consumption of
chicken and pasta (not necessarily together).

Once past the statistics he evoked the challenge of
globalization, with a capsule history of trade agreements,
emphasizing the administration's intention to see CAFTA-DR
implementation in July of this year. "To get the true
advantages of this international trade agreement, we in our
country will have to be effective in the design and
application of a national strategy for competitiveness." He
listed eight sectors or activities for such a strategy and
then recounted a shaggy-dog story from the book by trade
consultants Michael Fairbanks and Stacey Lindsay concerning
their lengthy sleuthing effort to identify reasons that
Colombian leather goods were not internationally competitive
-- winding up with blaming Colombian cows for scratching
themselves on barbed wire. "The mystery was solved; the low

quality of leather wallets from Colombia was due to the fact that their cows were stupid. . . but let us now blame the cows for our own deficiencies."

He opened a short surveyh of international relations with the declaration, "We have magnificent relations with the United States and with our neighbors of Central America and the Caribbean."

On Haiti, he said, "With our closest neighbor, Haiti, we hope that with the new government of President-elect Rene Preval we will conduct a special relationship that will permit us jointly to advance a common agenda on issues of migration, security, the border, trade, public health, educational and cultural exchanges, and protection of the environment, among others."

His defense of the much-derided Metro transportation plan was painstaking and image-laden, redolent of the duality of Fernandez' personality as both visionary and technician. Citing the benefits of mass transit, including reduced reliance on fossil fuels, and comparing the objections of opponents to those who rejected Paris' Eiffel Tower, Fernandez commented that there are always those who oppose "all that signifies advancement and progress."

His discussion of efforts to reform the electricity sector wound up dwelling on the decision to award contracts for the construction of two 600-megawatt coal-fired power stations, one in the northwest and the other in the southeast, at a cost to private investors of more than USD 1.2 billion, projects that are scheduled to take 3 years and create directly more than 2000 jobs. The forecast electricity tariff rate will be 5 U.S. cents per kilowatt hour -- a rate, Fernandez commented pointedly, that would be far below the eleven cents provisionally negotiated with generators in the defunct Madrid Agreement of 2001. His linkage of the rates reinforced for the Embassy the implication that these projects are intended at least in part to force existing generators to give in to the administration's repeatedly declared efforts to get them to renegotiate their contracts.

Fernandez dealt with security by noting that the country's homicide rate of 21.6 per 100,000 is below those of Brazil, Mexico, Guatemala, Venezuela, El Salvador and Colombia (the highest, at 102). He briefly described plans to provide greater neighborhood security. For public works he named, one by one, 25 completed projects and 37 more in progress. An equally lengthy enumeration covered spending on social issues, health, education and culture. He wound up with a census of administrative and legal reforms, culminating in his issuance of a presidential decree laying out guidelines for government purchases of goods, service, construction and concession (not mentioning that the decree comes into effect only upon June 1, two weeks after congressional elections).

The Impact

The impact of this message varied widely with the listener. Partisan supporters raved. Opposition leaders publicly declared the speech to be "good, optimistic, moderate, prudent, decent, and well-structured" (a view shared publicly by the Ambassador and by Papal Nuncio Msgr. Timothy Broglio), lower ranking politicians and press critics took the opportunity to push divergent agendas.

In reply to Fernandez's assertion that the general populace is feeling the effects of an economic improvement he is stewarding, daily Diario Libre skewered the speech and his use of previously released statistics as "little more than Marketing for Dummies." In a different "state of the nation" address in the pastoral letter of the Conference of Catholic Bishops, Bishop of Santiago Msgr. Benito de la Rosa y Carpio commented that half of all Dominicans are "slaves to poverty."

Senate President Andres Bautista Garcia of the opposition PRD

made an obligatory early salvo in the election campaign, suggesting that a far less rosy picture would be painted should one ask the Dominican people the true state of the nation, especially considering high prices of cooking gas and electricity. Bautista lined himself up with Alexandre Dumas and other detractors of the famed Tower by asserting that the Metro shouldn't be one of the country's priorities given the current economic crisis, especially as the Metro would benefit no more than 10 percent of the country's population.

Bautista dismissed the entire affair as simply a speech "delivered in the heat of an electoral campaign."

Well before the speech Bautista had reacted to Fernandez's declarations to a partisan crowd about the "tyranny of the majority," blaming Congress for blocking executive initiatives and inadequately funding key projects. During the formal presentation of government audit accounts, Bautista had insisted that Congress acts unequivocally in the national interest "without political opportunism." In his patrician style, he had directly challenged Fernandez, saying that "denigrating statements" from the President, such as the claim that Congress was attempting to institute a "dictatorship of taxes," arose from the electoral campaign, not from anything the President could possibly believe. Fernandez, the Man

Despite his own obvious political spin, Bautista is correct in at least one regard -- this speech did occur in the early stages of the political campaign for the May 16 congressional and municipal elections.

One telling point is Fernandez' inclusion of such a spirited defense for the Metro, a high profile, risky, and in our view frankly dubious public works project. In a country where electricity delivery is chronically deficient, where border control is nearly nonexistent, and where health, education, and welfare indicators point to below average achievement, Fernandez persists in his insistence that high-tech, costly measures that will directly benefit only a small portion of Dominican society. We understand that he has told Metro coordinator Diandino Pena that he wants to step on board the first Metro train in May, 2008 (just in time for presidential elections).

Is Fernandez attempting to divert the public's attention from systemic problems he cannot solve in short order? Probably not. Rather, the President is a real futurist, a true believer in poverty eradication through technological advancement. With his logic and command of detail he considers that any problem is conquerable with the right plan. There are many who are uncomfortable with pursuit of modernization without early increases in investment in health, education, and security infrastructure.

12. Drafted by Michael Garuckis, Michael Meigs

13. This piece and others in our series can be consulted at our SIPRNET web site at <http://www.state.sgov.gov/p/wha/santodomingo>

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